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IN THE  
**United States Court of Appeals**

For the Ninth Circuit

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**No. 12270**

INTERNATIONAL ELECTRIC CO.,  
*Plaintiff-Appellant,*

*vs.*

INTERNATIONAL ELECTRIC FENCE CO.,  
*Defendant-Appellee.*

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**Brief for Appellant.**

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**FILED**

DEC 27 1949

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*Defendant-Appellee.*

**BRIEF FOR APPELLANT.**

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This is a trade-mark case, involving the registered trade-mark "International," as used on Electric Fences, Stock Prods and Electric Fence Controllers. This trade-mark was registered in the United States Patent Office on October 8, 1946 by R. H. Turk and Certificate of Registration No. 424,467 was duly granted him. (Rec. 93)

The jurisdiction of the District Court was based on the fact that the cause of action arose under the Trade-Mark Laws of the United States (U.S.C. Title 35, Sec. 97) and because of diversity of citizenship of the parties. (Amended Complaint Rec. 2, 3).

As to the unfair competition phase of the case (Amended Complaint Rec. 6) the District Court had jurisdiction as provided by U.S.C. Title 28, Sec. 1338. This Court has appellate jurisdiction as provided by the statutes. (U.S.C.

Title 15, Sec. 97; U.S.C. Title 28, Sec. 1291) because of the entry of the Final Decree (Rec. 22) by the District Court on February 18, 1949 and this Appeal being taken in proper time (Rec. 24).

### **STATEMENT OF THE CASE.**

R. H. Turk d.b.a. International Electric Fence Co. registered the trade-mark "International" in the United States Patent Office in Class 21, Electrical Apparatus, Machines and Supplies for use on Electric Fences, claiming continuous use in interstate commerce since January 1, 1938. The Certificate was granted on October 8, 1946 as Registration No. 424,467 (Rec. 93), and it was duly and properly assigned to appellant (Rec. 94).

Appellee is using the identical trade-mark for the identical goods in its business.

On April 4, 1945 and May 26, 1947, Appellant, through its attorneys, by letters (Rec. 96, 146) notified Appellee that its use of Appellant's trade-mark was an infringement of its rights and demanded that Appellee cease using said trade-mark "International."

Appellee did not reply to either of the aforesaid letters or accede to Appellant's requests contained therein and this litigation ensued. The original Complaint was filed in the District Court at Tacoma on November 3, 1947 and because of a series of pleadings Appellant subsequently filed its Amended Complaint (Rec. 2) on June 9, 1948, charging infringement of its registered trade-mark and unfair competition, and Appellee filed their Amended Answer on October 2, 1948 denying all the material allegations set up in the Complaint but admitting jurisdiction; the registration of Appellants trade-mark; use in interstate commerce by Appellee of the mark and on iden-

tical goods; and receipt of Notice of Infringement. (Rec. 9, 10) Appellee set forth as affirmative defenses (1) the question of *res adjudicata* (Rec. 11) which defense was overruled by the lower court (Rec. 59) before the trial on the merits and (2) estoppel (Rec. 12). This cause was tried in open court on January 13, 14 and 17, 1949 and decided by His Honor Judge Charles H. Leavy on January 17, 1949 in a bench decision (Rec. 518 et seq.) deciding in substance that Appellant was the true and lawful owner of the Certificate of Registration No. 424,467 and had the right to use the trade-mark exclusively throughout the United States except that Appellee had the right to concurrently use the trade-mark "International" in eleven Western States alongside Appellant. On February 18, 1949 Findings of Fact, Conclusions of Law (Rec. 15) and Final Decree (Rec. 22) were signed by the Court.

### **SPECIFICATION OF ERRORS.**

1. The lower court erred in finding Appellee and their predecessors in business, adopted and continuously used in interstate commerce ever since on or about January 1, 1938, the trade-mark "International" as a trade-mark for electric fences, fence controllers, stock prods, insect and fly traps and electric heaters (Findings of Fact No. VI, Rec. 17).

2. The lower court erred in finding that one of the assets of the International Electric Fence Co., a Washington Corporation when it was organized on October 9, 1941 by R. H. Turk and his wife and G. N. Hughes and his wife, included the right to use the trade-mark "International" as applied to electric fences and goods having the same descriptive properties, in the States of

Idaho, Washington, Oregon, California, Utah, Nevada, Montana, Wyoming, Colorado, Arizona and New Mexico. (Findings of Fact IX Rec. 18-19).

3. The lower court erred in finding that after July 1, 1944, Appellee owned and now owns and has the right to use the trade-mark "International" on the goods in the States enumerated in paragraph 2 above (Findings of Fact No. X Rec. 19-20; Conclusions of Law No. 3, Rec. 23).

4. The lower court erred in finding that under and by virtue of an alleged agreement and by the conduct of the parties and their predecessors in business and interest, Appellee owns and holds and has the right to concurrent use of the trade-mark "International" as applied to the goods and in the States enumerated in paragraph 2 hereinabove (Findings of Fact No. XI Rec. 20).

5. The lower court erred in finding that Appellee did not unfairly compete with Appellant (Findings of Fact No. XII, Rec. 20).

6. The lower court erred in not finding Appellee was guilty of infringing Appellant's trade-mark "International," Registration No. 424,467. (Rec. 28)

7. The lower court erred in not allowing Appellant the right to establish and prove a prima facie case of unfair competition (Rec. 28).



## **ARGUMENT.**

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**Plaintiff Appellant is the True and Lawful Owner of Trade-Mark "International" Registered October 8, 1946 Certificate No. 424,467.**

There is apparently no controversy that Appellant is the true and lawful owner of trade-mark "International" registered October 8, 1946, Certificate No. 424,467 (Rec. 9) (Decree Rec. 23).

The registration of a trade-mark under the provisions of the Trade-Mark Act of 1905 is prima facie evidence of ownership (U.S.C. Title 15, Sec. 96). The mark is used extensively by Appellant not only throughout all the United States but in foreign commerce as well (Rec. 330).

Appellee admits use of the identical trade-mark in interstate commerce on fence controllers and stock prods. (Amended Answer Rec. 10)

Therefore Appellant has made out a prima facie case of trade-mark infringement. (Rec. 103).

### **Appellee's Defence.**

In an attempt to make out a case in favor of Appellee, Appellee has attempted to prove that the Washington Corporation is vested with the right to use the trade-mark "International" because at the formation of this corporation in 1941, the articles of agreement to incorporate stated that the stock was subscribed for by the Appellee Hughes and his wife, and paid for by check in the amount of Two Thousand Dollars (\$2,000.00), while Mr. Turk and his wife received their stock in return for turning over the assets of a business that Mr. Turk had operated prior to that time as an individual doing business as International

Electric Fence Company and part of those assets included the trade-mark "International." This latter fact, Appellant denies and it is believed such an allegation is not supported by the evidence or testimony in this matter.

### The Issues.

To limit the issues in this matter, the lower court stated during the trial of the case:

"I hope I make myself clear. At the opening of court this morning *the defendant conceded that he was not entitled to an exclusive use of the trade-name in the Western States*, which is a term sufficiently inclusive to include Washington and Oregon, *but that he is entitled to a joint use of this trade-name in the Western States*, and then when he was asked to enumerate what he meant by "Western States" he said in those States in which he made a filing of the trade-name, and so you have the questions, *first, was he entitled to the use of the name at all, and if so, was such a joint use?* Then, if he wasn't entitled to any use of the trade-name in the territory that has been designated "the Western States", is he entitled to the trade-name, either exclusively or jointly in the States of Washington and Oregon, and whatever he is entitled to in the States of Washington and Oregon, which is part of the Western States is what the corporation is entitled to if there has not been a reservation of the trade name by the original owner \* \* \* those are the issues." (Rec. 325). (Italics ours)

The corporation referred to in the above quotation is the Appellee corporation and "he" referred in the above entitled paragraph refers to the party Hughes President of Appellee corporation.

### Trade Mark vs. Trade Name

As will be appreciated from a thorough reading of the foregoing paragraph, it will readily be apparent that

the word “trade-name” is employed instead of “trade-mark.” This is true throughout the testimony in this matter on the part of the Appellee as well as on the part of the Court. There must be a differentiation made between the word “trade-name” and “trade-mark” since in law they represent two different entities. The trade-name as referred to hereinabove, refers to the corporate name the “International Electric Fence Company” while the trade-mark referred to is the word “International.”

A trade-mark must be affixed to the merchandise it is intended to identify; a trade name is not required to be physically attached either to the goods or packages.

A trade-mark will be protected even against innocent infringement; a trade name, only against fraudulent simulation.

To some extent the terms “trade-mark” and “trade name” overlap; but there is a difference more or less definitely recognized, which is, that, generally speaking, the former is applicable to the vendible commodity *to which it is affixed*, the latter to a business and its good will. *American Steel Foundries v. Robertson, Com. Pats.*, 269 U. S. 372.

The term “trade-mark” has been in use from a very early date, and, generally speaking, it means a distinctive mark of authenticity through which *the producers* of particular manufactures or the vendible commodities of particular merchants may be distinguished from those of others. *Standard Paint Co. v. Trinidad Asphalt Co.*, 220 U. S. 446; *Elgin Watch Co. v. Illinois Co.*, 179 U. S. 665; *Asbestos & Rubber Works v. Scandinavian Co.*, 250 U. S. 644; *Rossmann v. Garnier*, 211 Fed. 401; 128 C.C.A. 73.

One’s trade-mark is both a sign of the quality of the article and an assurance to the public that it is the

*genuine product of his manufacture.* It thus often becomes of great value to him, and **in its exclusive use** the court will protect him against attempts of others to pass off their products upon the public as his. This protection is afforded, not only as a matter of justice to him, but to prevent imposition upon the public. *Amoskaag Mfg. Co. v. Trainer*, 101 U. S. 51; *Feder v. Benkert*, 70 Fed. 613; 18 C.C.A. 549.

A trade-mark's sole office is to indicate that the goods of the same general class to which it is attached emanate **from a single source** or reach the consumer through the same channels of trade. *Hanover Milling Co. v. Metcalf*, 240 U. S. 403.

Appellant appreciates that it has no right to prevent Appellee from using the trade name "International Electric Fence Company" in the State of Washington since it is a corporate name. However, Appellant believes that Appellee has no right under any circumstances to use the *trade-mark* "International" on merchandise having the same descriptive properties as those of Appellant. It was obvious throughout the trial of this case, that the lower court was confused since he repeatedly referred to the "trade-name" of Appellee and not the trade-mark.

### **Appellee Had Only a Sales Franchise in Washington and Oregon.**

Appellant contends, and it believes it proved, that the most Appellee had at the time the Washington corporation was formed in Oct. 1941 (Rec. 66) was *a sales franchise* covering substantially the States of Washington and Oregon, *as a distributor* selling electric fences, electric fence controllers and stock prods bearing the trade-mark "international" (Rec. 121, 122). The merchandise was purchased by the Washington corporation from the manufac-

turer International Electric Fence Company located in Chicago, Illinois (Rec. 67). The goods were not only sold to Appellee corporation but also for other distributors of Mr. Turk throughout the United States (Rec. 67). On just this set of facts alone, it is obvious that Mr. Turk, doing business as International Electric Fence Company prior to the formation of the Washington corporation with Mr. Hughes, did not himself own the trade-mark "International." (Rec. 353) From 1939 to 1943, Mr. Turk merely owned the sales franchise for the Western States (Rec. 424 to 428). The ownership of this trade-mark was vested in the Chicago manufacturer, Mr. Venard Soper. (Rec. 335) Therefore, the premise upon which Appellee bases its case is false to start with.

### **The Facts Surrounding the Formation of the Washington Corporation.**

At this point a review of the facts which led up to the formation of the corporation will be helpful. The following facts have all been stipulated (Rec. 60 et seq.) as being true except where noted. In 1938 Mr. Turk and Mr. Soper formed a corporation under the laws of the State of Oregon (Rec. 62) and sold electric fences and fence controllers wherever sales might be made. (Rec. 63) These electric fences and controllers were made by one Mitchell. (Rec. 63) The Mitchell fence controller was a poorly constructed apparatus and it was constantly being sent back for repairs with the result that the corporation lost money handling these controllers and the corporation ceased doing business and was allowed to expire during the year 1939 (Rec. 63).

During the year 1938 Mr. Soper with the acquiescence of Mr. Turk went to Chicago for the sole purpose of obtaining a plant and manufacturing the equipment which



was to be sold by Mr. Turk in the West. (Rec. 63) Mr. Soper and Mr. Turk agreed between themselves that Mr. Soper would make the merchandise and ship it to Mr. Turk at Vancouver, Washington, and Mr. Turk would sell these products on the West Coast. (Rec. 67) Mr. Soper had the privilege and actually sold these same materials in other States in the Union. (Rec. 67) Therefore, under the circumstances, it is obvious that the trade-mark "International" vested in the manufacturer and not in the sales company or distributorships. As a matter of fact, Mr. Turk awarded the States of Idaho and California to others and in Idaho the distributor called his company the International Electric Fence Company. (Rec. 75) It is far-fetched that under these circumstances and without going into the matter in more detail, that **the manufacturer in Chicago was the one who manufactured the apparatus and applied the trade-mark**, and that the sales organizations in the form of distributorships merely had a franchise to sell in the particular State or States assigned them and as such they had no vested trade-mark rights. Trade name rights, yes, in that they were allowed to call themselves International Electric Fence Company. (Rec. 419)

During the year 1940, Mr. Turk hired the defendant Appellee, Hughes, as a bookkeeper. (Rec. 66) During the summer of 1941 Mr. Turk found himself in strained financial circumstances, owing considerable money to the International Electric Fence Company of Chicago for merchandise and elsewhere. During the late summer and early fall Mr. Hughes, fully appreciating and realizing Mr. Turk's financial condition, propositioned Mr. Turk to allow him to join with Mr. Turk in this venture, and after several propositions Mr. Turk agreed to accept the sum of Two Thousand Dollars (\$2,000.00) as full payment for half of

the capital stock of a corporation to be formed and which is now the Appellee corporation. (Rec. 164) Mr. Turk taking the balance of the stock and putting all of the assets of his business as an individual d.b.a. International Electric Fence Co. into the new corporation. Nowhere in any of the documentary evidence is there any mention made of any trade-mark rights owned or controlled by Mr. Turk at this time Oct. 1941. We have only the unsupported statement of Mr. Hughes on the witness stand that the trade-mark "International" rights were included in this transaction, which statement was denied by Mr. Turk, therefore the testimony of one offsets the testimony of the other. Subsequent letters written by Mr. Hughes to Turk and others, supports Turk's testimony that neither the Washington corporation nor Hughes owned the trade-mark International (Rec. 225, 230, 182, 183, 184, 199). See especially Ex. 18. (Rec. 204, 207)

The fact that Mr. Turk is the registered owner of the trade-mark in the United States Patent Office and the fact that Appellee makes the allegation that they have only a limited right territorially to the trade-mark, the Appellee is charged with presenting proofs by a preponderance of evidence to establish their claim. This they did not do as is evident.

**The Washington Corporation was only a bookkeeper for Turk on all transactions without Washington and Oregon.**

During the life of Appellee corporation, while Mr. Turk was a fifty percent stockholder, Mr. Hughes was fully cognizant of the fact that the Washington corporation had no right to sell the products of the International Electric Fence Company of Chicago in any States other than Washington and Oregon. Contrarywise Mr. Turk sold the

products of the Chicago company in all of the Western States excepting the States of Idaho and California where he had personally established distributorships as aforesaid. Now, to prove this to be a fact Mr. Hughes' own testimony might even be used for this purpose, but first it must be understood that Mr. Turk testified under oath that the Washington corporation was designated by him to bill, collect and ship all accounts that he sold to, including the distributorships he established in Idaho and California, and in payment for this service Mr. Turk gave the corporation a small percentage of the profit for each item that was sold, to handle the bookkeeping, collecting and shipping of his orders. (Rec. 338) As a matter of fact, there was very little shipping to be done since Mr. Turk drove around in a big panel truck in which he carried the merchandise and usually delivered it right on the spot when he took the order. (Rec. 338) Now, getting back to Mr. Hughes' testimony, which we believe, fully proves the foregoing testimony of Mr. Turk, Mr. Hughes testified that the number 106 fence controllers were purchased from the Chicago manufacturer, Soper, (International Electric Fence Co.) at a cost of Seven Dollars and Fifty Cents (\$7.50). They were sold to distributors and jobbers of Mr. Turk located without the boundaries of the States of Washington and Oregon at a price of Ten Dollars (\$10.00) leaving a total profit on each transaction of Two Dollars and Fifty Cents (\$2.50). Mr. Turk's account, says Mr. Hughes, was credited with Two Dollars (\$2.00), and the corporation received the balance of 50c which was divided equally between Mr. Turk and Mr. Hughes, being the nominal owners of the corporation. (Rec. 224) After several pages of record testimony, (Rec. 217 to 224) it is readily shown that Mr. Hughes attempted to convince the lower court, by using percentages and com-



missions, that Mr. Turk's commission was extremely small compared to the amount the Washington corporation received. Actually Turk received 80% of the profit of those sales plus 50% of the corporation's share or 90% of the \$2.50 profit. The lower court apparently failed to see this point.

Furthermore Hughes, never at any time to date, offered any objection to Turk's use of the trade-mark "International." (Rec. 212) This is highly inconsistent for one claiming ownership like Hughes tries to do now. He even filed an application for registration of the trade-mark "International," (Rec. 148) attempting to thereby secure the exclusive rights to this name, fully knowing Turk was using the trade-mark not only in Washington and Oregon but elsewhere in the United States.

We believe this shows the intention of the witness Hughes to warp the facts to his own advantage.

### **THE SOPER-TURK PARTNERSHIP.**

In 1943, during the second World War period when there was a critical shortage of metal in this Country the Government refused to recognize that electric fences and fence controllers were essential items necessary to the War effort, and therefore, the Washington corporation were without merchandise to sell. Mr. Turk, with the full approval of Hughes, (Rec. 70) went to Chicago to talk with Mr. Soper and the International Electric Fence Company of Chicago for the purpose of trying to see what could be done to obtain metal to increase the production of fence controllers and electric fences. Mr. Soper and Mr. Turk went to Minneapolis and purchased the Electric Service Systems Company and Mr. Turk put up the money therefor and turned over all the accounts he had in other States and a one-half of his interest in the Washington corpora-

tion (Rec. 449). Mr. Turk and Mr. Soper went into partnership. (Rec. 87, 88, Pltfs Ex. 1)

Mr. Soper operated the Electric Service Systems and Mr. Turk operated the Chicago Company. In forming this partnership Mr. Turk agreed to give Mr. Soper fifty percent (50%) of his interest in the Washington corporation, but at the time, the actual transfer of the stock was never made to Mr. Soper. (Rec. 69) One year later in June of 1944, Mr. Soper and Mr. Turk decided to dissolve their partnership and Mr. Soper retained the Electric Service Systems of Minneapolis as his distributive share of the partnership assets. (Rec. 71) Mr. Soper turned back his stock in the Washington corporation to Mr. Turk and gave Mr. Turk the Chicago company, lock, stock and barrel (Rec. 71) including good will, assets and trademarks. (Rec. 457). During the Soper and Turk partnership period while they were the co-owners of the Electric Service Systems of Minneapolis, this company manufactured all the electric fence controllers and accessory items for the Chicago office, but all the merchandise was shipped from Minneapolis to save freight charges. All of the billing for these shipments, however, was done by the Chicago office, *both before and after* the dissolution of the Soper-Turk partnership. (Rec. 505). Under these circumstances, it is obvious that any and all trade-mark rights to the name "International" vested in the Chicago Company since they were the manufacturers and they were the ones who applied the trade-mark to the products. It is believed that any other construction of this situation is fallacious.

### THE HUGHES CORRESPONDENCE.

A consideration of some of Mr. Hughes' letters which are part of the evidence, is extremely enlightening.

We call the Court's attention to a letter dated September 2, 1943, Plaintiffs' exhibit 21. This letter was written by Mr. Hughes to Mr. Turk and reproduced at record page 229. It must be appreciated that this letter was written while Mr. Turk and Mr. Hughes were still co-owners of the Washington corporation. Mr. Hughes says:

"If you would place the California territory in our district to be supplied from here as we used to do, except that it would have to be on a fifty fifty basis just as Washington and Oregon, making it part of our territory to oversee" (Rec. 230).

Next we call the Court's attention to a letter dated July 24, 1943 written by Mr. Hughes to Mr. Turk, which letter was also written while the two were still co-owners of the Washington corporation. This letter is reproduced at record page 235. Mr. Hughes says:

"In the event I bought out your interests here it would necessarily have to be understood that I have the exclusive rights of sale in Oregon and Washington, also that I be assured my proportion of controllers based on the actual demands and needs in my territory in comparison with the requirements of the territories of others."

We next call the Court's attention to a letter dated March 13, 1944, which was written by Mr. Hughes to the North Coast Mercantile Company of Eureka, California. This letter was written while Mr. Turk and Mr. Hughes were still co-owners of the Washington corporation and actually sets forth better than any argument that can be expressed, exactly what the business of the Washington corporation actually was and what their rights are. It must be recalled that Mr. Hughes wrote this letter on his own initiative while Mr. Turk was in Chicago. In this letter Mr. Hughes states:

“As indicated to you in our letter of February 10, *this Washington company is limited to handling the International line in the States of Washington and Oregon*, although we otherwise would be very glad indeed to serve your needs. *In order to do this, however, we would have to obtain the permission of the main office in Chicago.*” (Rec. 225) (Italics ours)

We next call the Court’s attention to a letter dated September 2, 1943, written by Mr. Hughes to Mr. Turk, wherein Mr. Hughes says:

“you would be just as well off and save yourself many headaches and uncertainties if you would place the California territory in our district to be supplied from here as we used to do, except that it would have to be on a fifty-fifty basis just as is Washington and Oregon, making it a part of our territory to oversee.” (Rec. 230)

The next letter is dated July 24, 1944 (Plaintiff’s exhibit 15), written by Mr. Hughes to Mr. Turk and reproduced at page 181 in the Record:

“It will readily occur that the chief source of any dissatisfaction which I have had with our past setup in business has been the fact that I have been ‘hamstrung’ for any great investment in business by the fact that *I have been limited in territory to selling electric fences, having only Oregon and Washington.* All my direct and indirect suggestions for giving me more territory to sell these fences have proven to no avail, so I am still thusly limited.” (Rec. 182) (Italics added)

This letter was written *subsequent* to the date that Hughes bought Mr. Turk’s stock in the Washington corporation, and it is obvious that *Mr. Hughes fully appreciated that he was limited only to a sales right in the States of Washington and Oregon.* Mr. Hughes fully was aware of the fact that Mr. Turk and **the Chicago office was the sole**



person who had the right to manufacture the “International” line, and had the sole right to create distributorships in the Western States. This is brought forth in clear and succinct language by Appellee Hughes in the same aforesaid letter appearing at page 184 in the record, when he stated:

“My thought here is that possibly it could be arranged to have Mr. Soper manufacture and assemble and furnish me with the contemplated new unit *while you would assemble and furnish me with the ‘International’ line as in the past, possibly with an enlarged territory.* I would not object to leaving Idaho out of the picture as far as any additional territory would be concerned.” (Italics added)

This letter also states in effect, that he recognizes Mr. Turk’s exclusive right to the use of the name “International” as a trade-mark when he said:

“As to the new line of fencers, I would be the one and only distributor of these types and model which might be designated from time to time. In other words, the new names in types would be my own personal property and not be sold by anyone except through me.” (Rec. 183).

Mr. Hughes again fully appreciated that the trade-mark “International” for electric fences and fence controllers belonged to Mr. Turk when he said in this same letter:

“Assuming at first you not only would frown upon, but would probably decidedly object to such a venture on my part, I had tentatively decided to look into the manufacturing possibilities, or to have someone else supply my need in this respect, *with the exception of the ‘International’ fencers, which I would expect to continue to handle either on the same basis as at present or under a more extensive proposition as might be agreed.*” (Rec. 183). (Italics ours)

Again on July 31, 1944 (Plaintiff's exhibit 16) Mr. Hughes further appreciated that the trade-mark "International" was the exclusive property of Mr. Turk when he said:

"You can rest assured that I am not planning on dropping International fencers in Oregon and Washington" \* \* \* as I have "a chance to expand my business, as suggested in my former letter I had to make my own plans for any possible increase in such business. There is no other way. *At that time I would have preferred confining my interest to 'International' but due to the above circumstances, it was necessary to figure out some other way or gradually fade out.*" (Rec. 190) (Italics ours)

We call the Court's attention to Plaintiff's exhibit 18 which is another letter from Mr. Hughes to Mr. Turk dated September 20, 1944 (subsequent to the date Hughes bought Turk's stock) when Mr. Hughes still appreciated that the trade-mark "International" belonged exclusively to Mr. Turk when he said:

"The point I am making is that if you have had any such move in mind I will appreciate you giving me an outline of what you would want for the business, *including all rights for the trade name, of course.*" (Rec. 199) (Italics ours)

On November 18, 1944 Appellee Hughes wrote a letter to Mr. C. J. Andel and Sons in which he stated:

"he (Turk) wanted us to disincorporate so that he could prevent us from using 'International' trade name, *that is all he has, the trade name*, there is no Company in Chicago, it is simply his trade name." (Rec. 207) (Italics ours)

It is obvious from the foregoing that the Appellee Hughes fully and completely appreciated that the trade-mark "International" was the sole and exclusive right of the Chicago office which was owned by Mr. Turk.

The foregoing is a true and complete admission by Appellee. They owned no trade-mark. They had only a sales franchise in Washington and Oregon. The Appellee's letters also admits ownership of the trade-mark in Appellant and Appellant's right to grant distributorships to the exclusion of Appellee. Does one claiming ownership of a trade-mark make such detrimental admissions not only to the true owner but to outsiders as well? (Pltfs. Ex. 20, Rec. 225.) We do not believe so. The foregoing letters speak louder and more effectively than *ex post facto* testimony designed to create a defense when a Defendant is called to ask.

### **Inconsistent Acts of Appellee.**

Appellees filed an application for registration of the trade-mark "International" in the United States Patent Office (Rec. 148) wherein they allege exclusive proprietorship. Yet ever since 1940 Appellee Hughes was fully cognizant of the use of this trade-mark by the manufacturer International Electric Fence Company of Chicago, and admitted that the ownership of the mark resided in the Chicago Company.

In a letter Hughes wrote to a rank outsider dated March 13, 1944, he said:

"The Washington Company is limited to handling the International line in the States of Washington and Oregon." \* \* \* In order to serve your needs "we would have to obtain permission of the main office in Chicago." (Rec. 225)

Is this an act consistent with one claiming exclusive ownership? We think not especially since Appellee on the witness stand stated that all he ever claimed was the concurrent right to use the mark "International" in the Western States, limited to that territory (Rec. 213). In his

Answer (Rec. 13, 14) *he claims exclusive right* because he owns all the stock in the Washington corporation. More inconsistencies.

Appellee has never received a Certificate of Registration from the Patent Office to date. Therefore, he owns no tangible evidence of ownership. Yet in March 1945 Appellee had labels printed (Plaintiff's Ex. 11) bearing the indicia "Reg. U. S. Pat. Off." (Rec. 142). Appellee Hughes attempted to explain he received the notice of filing of the application from his attorneys *and he misconstrued the meaning thereof* to the point where he thought the letter meant the Patent Office had accepted the trade-mark (Rec. 143). This is an extremely weak explanation for a mature man to foist upon a court. But be this as it may—Appellee Hughes says he "found out a few months afterwards it was wrong". (Rec 143) He established the date as the time he received Appellants letter Ex. 13 (Rec. 146) wherein Turk charged him with infringement of his trade-mark "International" (Rec. 145). The date of this letter is April 4, 1945. And Appellee Hughes stated he immediately stopped using the labels with this legend. Let us go one step further—Appellee Hughes *filed* for registration the trade-mark "International" in twelve (12) Western States both *before and after* he says he stopped using the labels containing this legend; for instance in Utah on *August 6, 1945*, Nevada on *October 11, 1945*, Montana on *July 24, 1945*, Wyoming on *October 18, 1945* (Rec. 133). Each of these State Certificates contained a specimen label of Appellee containing the legend "Reg. U. S. Pat. Off.". (Rec. 158).

It is contended that in view of the foregoing glowing examples of gross inconsistencies and falsifications contained in the record, the entire testimony of the witness Hughes should either be stricken or where not supported



by documentary evidence, not considered. If this were the case, since we have pointed out many such inconsistencies throughout this brief, which are the crux of Appellee's case, then Appellee would be without a defense and the decision of the lower Court ought to be reversed.

### **Unfair Competition.**

Appellant should have been allowed to present evidence and testimony to establish its charge of unfair competition as contained in the Amended Complaint (Rec. 6) but was precluded from doing so by the lower court on the basis that if the Defendants prevailed there would be no reason for going into that phase of the case (Rec. 101). If this Court reverses the lower court as is urged herein, the Appellant should be given an opportunity to present proper evidence to establish this count.

### **The Public Will Become Confused If the Parties Are Allowed to Sell Side by Side and Use the Same Trade-Mark.**

Trade-marks are designed, as pointed out in the forepart of this brief, to identify the source of origin of the goods to the end that the purchasing public will know who is responsible for them. The District Court's decision in this case has created an intolerable situation in that, by its decision, both the Appellant and the Appellee were given the right to use the trade-mark concurrently (side-by-side) in eleven (11) Western States, and the Appellant was given the exclusive right to use the mark in all the other States of the United States.

It should be apparent that the purchasing public will not be able to ascertain without considerable inquiry which one of the parties was the manufacturer of the goods that was purchased. The names of the two companies are

substantially identical and, of course, the mark is identical. The format of the labels of both parties are substantially the same and, we believe, the purchasing public will certainly not be able to distinguish between the two manufacturers under these circumstances.

The situation created by the decision of the lower court is absolutely inconsistent with the Trade-Mark Laws. The term "concurrent use" as defined by the new Trade-Mark Law (1946), we believe, is not inconsistent with the decisions of the Courts with reference to the old Trade Mark Law of 1905, under which this case is being tried.

### **Multiple Use of Same Trade Mark.**

The courts, for reasons of equity, will recognize more than one owner of a trade-mark where there is simultaneous use in good faith of an identical trade-mark for the same or similar merchandise *in different parts of the country*. However, for the purposes of Federal registration, *such multiple ownership was not recognized under the 1905 Trade-Mark Law*. This suit was tried under the 1905 Trade-Mark Law and the certificate of registration involved herein was granted under this law to appellant. If under the 1905 Law there were multiple use of the same trade-mark in different sections of the country applied to the same or similar goods and if the several users applied for a Federal registration, the Patent Office would grant only one registration and that registration would be granted to the one party whose use was prior in time. So far as the Patent Office is concerned, it makes its decision on that basis alone without any consideration as to territorial limitations.

The result of this has been a strange discrepancy between a recognized right to use the mark and the inability to register such right. The situation however has been cleared up by Section 2(d) of the Act of 1946 which au-

thorizes the Commissioner of Patents to register the same or similar mark “as concurrent registrations” to more than one registrant “when they have become entitled to use such marks *as a result of their concurrent lawful use thereof prior to any of the filing dates of the applications involved.*” Under the circumstances, the Commissioner may grant both registrations if he determines *that confusion is not likely to result* from the continued use of this mark. In the present case it is impossible to avoid confusion as pointed out.

As stated in the fore part of this brief, a trade-mark has been substantially defined by the Supreme Court as a distinctive mark of authenticity through which the *producers of particular manufactures*, or the vendible commodities of particular merchandisers *may be distinguished from those of others.* *Standard Paint Co. v. Trinidad Asphalt Co.*, 220 U. S. 446; *Elgin Watch Co. v. Illinois Co.*, 179 U. S. 665.

The Court also said that the trade-mark points distinctively, either by itself or by association, *to the origin, manufacture, or ownership of the article on which it is stamped.* *Columbia Mill Co. v. Alcorn*, 150 U. S. 460.

**The Public will be confused if the Parties sell side-by-side in the same Territory.**

It is apparent that two corporations, not associated with each other, cannot possibly sell identical articles having the identical trade-marks in identical territories without creating confusion in the minds of the purchasing public. The merchandise is sold through the same channels in trade and to the same class of buyers. Under the Trade-Mark Law of 1905, the situation created by the decision of the lower court, in the present case, completely upsets the law of trade-marks as it has been known since the en-

actment of the trade-mark law and interpreted by the Supreme Court of the United States.

If the products of the parties were not identical or the marks were not confusingly similar, then the lower court's decision could be appreciated. But in the present case, the products of the parties herein are identical to such an extent that the parts are even interchangeable (Rec. 376); the trade-marks of the parties are identical in every detail, even being written in the same manner on the labels. Therefore, a situation has been created by the lower court's decision which is intolerable from the purchasing public's point of view, in view of the fact that the public would not be able to ascertain, without a great deal of difficulty, the source of origin of the product which it buys.

### CONCLUSION.

In conclusion, it is respectfully submitted that the decision of the lower court should be reversed as to paragraphs 1 and 3 of the final Decree of February 18, 1949, and appearing at Rec. page 23. And there should be a further order entered in this cause requiring the lower court to grant appellant the right to establish its case relative to the unfair competition phase thereof, set forth in paragraph 11 of the Amended Complaint, as appears on page 6 of the Record. The relief prayed for in the Amended Complaint should be granted.

Respectfully submitted,

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